

Date of Meeting: March 21, 2006

**BOARD OF SUPERVISORS
FINANCE/GOVERNMENT SERVICES COMMITTEE
ACTION ITEM**

#1

SUBJECT: Lease Renewal for MH/MR/SAS Administration, Library Services and Office of Solid Waste Management located at 906 and 908 Trailview Blvd., Leesburg, VA

ELECTION DISTRICT: LEESBURG

CRITICAL ACTION DATE: March 21, 2006

RECOMMENDATIONS:

STAFF: Staff recommends that the Finance/Government Services Committee recommend to the Board of Supervisors a five-year lease renewal for 34,000 square feet of space at 906 and 908 Trailview Blvd., Leesburg, VA for MH/MR/SAS Administration, Library Services and Office of Solid Waste Management offices. The five-year lease is \$23.81/sq.ft. or \$809,540 for the first renewal year effective July 1, 2006.

BACKGROUND:

In 2000 County Administration directed General Service's staff to locate leased space in Leesburg to accommodate increasing County office space needs. Office space was identified and approved by the Board of Supervisors in July, 2000. After construction and outfitting, several County agencies were moved in late 2001. The Office of Solid Waste Management and the administrative staff of MH/MR/SAS were relocated to 906 Trailview and Library Administration was relocated to 908 Trailview.

There is a separate lease agreement for each location. The term for each lease was five years with no renewal options. They are both due to expire on June 30, 2006. In order for the County to continue leasing at this location, the Landlord requires that the County agree to another five-year term for one or both locations.

There is no plan in the foreseeable future to relocate the tenants in 906 Trailview Blvd., (administrative and support offices of MH/MR/SAS and Office of Solid Waste Management) to County-Owned space or other leased spaces which includes 22,500 SF at this location.

Plans have been made to move Library Administration from 908 Trailview Blvd., to North Street (formerly the School Administration Building). Plans for renovating the building have not been finalized and it will likely be a minimum of two years before the North Street location would be ready for occupancy.

The proposed lease renewals are for five-year periods for 34,000 square feet. Base rent for the first two renewal years is \$23.81 per square foot or \$809,540 annually beginning on or before July 1, 2006. The Landlord has offered the first two years of each renewal at the same per square foot rate that the County is currently paying. The total cost of these five-year leases is \$4,171,167 based on an annual increase adjustment of 2.5% for the remaining three years of these lease terms.

ISSUES: At this time there is no plan to relocate MH/MR/SAS Administration or The Office of Solid Waste Management from leased space at 906 Trailview Blvd, Leesburg. The Landlord requires that the County agree to another five-year lease term. Library Administration is located in leased space at 908 Trailview Blvd., and the Landlord requires that the County agree to another five-year lease term for this space as well. Plans have been made to move Library Administration to North Street (formerly the School Administration Building) when renovations are finished in 2-3 years. If plans go forward there would be 11,500 square feet of space available for the remainder of the lease term at 908 Trailview Blvd. The demand for County office space in the Leesburg area continues to grow. If the space becomes available, County office needs will be applied against these requirements.

ALTERNATIVES:

1. The Committee could recommend approval of the renewal of these leases for \$23.81/sq.ft. or \$809,540 per year for the first two years of the lease term with a 2.5% annual increase for the third through the fifth years.
2. The Committee could recommend that these leases not be renewed. However, staff does not recommend this due to the fact that new lease space would have to be found for these departments.

FISCAL IMPACT:

The estimated cost of these five-year leases will be \$4,171,167. The Department of General Services has sufficient funding available for the first year in their FY07 operational budget. Funding for subsequent years will be subject to future budget appropriations by the Board of Supervisors.

DRAFT MOTION(S):

1. I move that the Finance/Government Services Committee recommend to the Board of Supervisors approval of a five-year lease renewal to include the aggregate of 34,000 square feet of space for the continued operation of the MH/MR/SAS administration, Library Services and Office of Solid Waste Management offices currently located at 906 and 908 Trailview Blvd., Leesburg for a total five-year term cost of \$4,171,167, effective July 1, 2006.

Or

2. I move an alternative motion.

STAFF CONTACT:

Jay Snyder/General Services
Jim Koenig/General Services